



Departmental Business Plan and Outlook

Department Name: SEAPORT

Fiscal Years:

FY 05-06

&

FY 06-07

Plan Date: December 9, 2005

Approved by:

A handwritten signature in dark ink, appearing to read "C. Towsley", written over a horizontal line.

Chuck A. Towsley, PPM, Department Director

A handwritten signature in dark ink, appearing to read "C. Bonzon", followed by the date "12/19/05", written over a horizontal line.

Carlos F. Bonzon, Ph.D., P.E., Assistant
County Manager

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Enhance the ease of movement of people and goods to, from and through the airport, the seaport, and other centers through new and improved inter-modal linkages.

INTRODUCTION

Department Purpose/Mission Statement

Develop and Manage the Dante B. Fascell Port of Miami-Dade County to service cruise passengers, cargo shipping commerce, and other members of the maritime community

Department Description

The Miami-Dade County Seaport Department ("Department") is responsible for managing the operations of the Dante B. Fascell Port of Miami-Dade County ("Port" or "Port of Miami"). The Port is owned by Miami-Dade County. As a landlord port, operations, such as the loading and unloading of cargo and passengers, are not the responsibility of the Department. The Department is responsible for maintaining the infrastructure necessary to meet the needs of the cruise and cargo industries it serves and ensuring the Port is managed efficiently and cost effectively.

Due in part to its location, proximity to the Caribbean and the Americas, the Port of Miami is the largest home cruise port in the world for multi-day cruises handling as many as 3.9 million passengers a year (2003). In cargo operations, the Port was the 12th largest cargo container port in the United States in 2004. For the past three years, the Port's cargo activity has exceeded 9 million tons and over 1 million TEUs annually. The Port's customers rank among the largest of their kind in the world and vessels call from over 250 ports throughout the world.

PROGRAMS/STRATEGIES

Selected strategies/objectives: promote cruise and cargo growth through infrastructure enhancements and throughput capacity improvements combined with an aggressive foreign and domestic marketing program.

Capital program strategy: expand/renovate and maintain facilities at the Seaport to optimize Seaport facilities to provide requisite throughput capacity, ensure the Port meets security mandates and safety requirements for current and anticipated demand by cargo and cruise shipping industries.

Security program strategy: work with federal, state and local law enforcement and security agencies to enforce security and safety measures consistent with the Port's strategic goals.

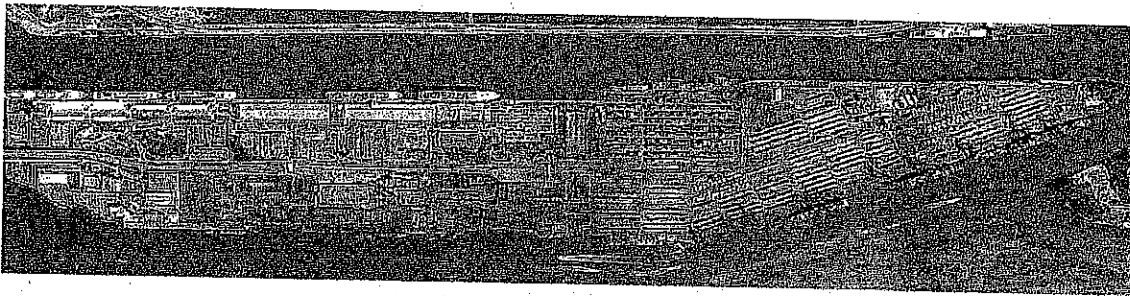
Funding strategies: work with federal, state and local law enforcement and security

agencies to arrive at an affordable effective facility security plan and implement same to achieve vital cost saving measures while funding remaining security funding shortfall through appropriate user fees.

The preceding strategies support overall strategic plan outcomes of:

- *Enhanced customer service, convenience, and security at every level of contact with the ports*
- *Meet existing and future demand levels for passengers and cargo at the ports, and*
- *Increased international commerce*

Miami-Dade County Dante B. Facell Seaport



Organization and Staffing Issues

Director

Formulates Departmental policies and procedures and coordinates all divisions including information technology and intergovernmental affairs

2004-05	2005-06
14 FTE	20 FTE
\$2,257	\$2,359

Marketing and Customer Service

- Responsible for development of resolutions for BCC agendas
- Responsible for public relations, advertising and media contact
- Prepares special studies with impact on Port & Port regulation
- Marketing of Port to foreign and domestic business, customer negotiation
- Contract Management

2004-05	2005-06
14 FTE	15 FTE
\$1,698	\$1,669

Finance & Administrative Services

- Responsible for human resources and procurement
- Prepares coordinates and administers Port's budget activities
- Responsible for all accounting activities including cost accounting, reconciliation, accounts payable, financial statements, credit and collection
- Manages the accounting operations for gantry cranes
- Responsible for all property management functions
- Manages the switchboard and mail center operations
- Grants Application & Administration

2004-05	2005-06
42 FTE	43 FTE
\$55,779	\$56,540

Seaport Operations

- Responsible for Port cargo and cruise ship operations, associated berthing, and terminal management functions
- Coordinates Port engineering and construction management activities
- Provides for all Seaport facilities maintenance

2004-05	2005-06
174 FTE	198 FTE
\$24,840	\$28,171

Seaport Security Enforcement

- Responsible for the overall security enforcement of the Port
- Supervises all public safety and seaport security to include the protection of all Seaport buildings, terminals, and general Port property

2004-05	2005-06
94 FTE	108 FTE
\$10,511	\$15,966

• The Seaport Department is continuing to work toward a final transition of security functions back to the Seaport Department. There are anticipated budgeted reductions as a result, offset by increased overtime security by MDPD based on their interpretation of the Seaport's Facility Security Plan. The Seaport will continue to pursue amendments to the FSP to allow a more cost effective security solution. During this time, funding issues will be paramount as security costs now comprise over 26% of the operating budget. While the Department has identified and added staffing necessary for increased operational support to meet ongoing growth, these positions will remain unfunded until such time as the long-term funding plan for security is finalized. Other operating cost reductions may be necessary if the Department is unable to resolve issues surrounding a budgeted security surcharge. Additionally, electricity costs will be greater than originally budgeted due to rate increases associated with higher fuel costs and the three hurricanes that hit the

County during the last quarter of 2005. Funding for these increases will come from internal transfers effectively reducing debt service transfers from revenues and providing cash for operations, as well as more than \$2 million in operational reductions and deferrals of filling vacant and new budgeted positions. Should the security fee not be implemented, then the Department must find an additional \$3.7 million in cost savings. This is a limited term solution.

▪ As a result of the funding crisis, despite the Port's major programs focus on completion of the Port's large infrastructure program and related implementation and operation of physical infrastructure, projects not under contract as of September 30, 2005 will be delayed until funding becomes available. The Port has reviewed its capital program and prioritized the components. Projects coming on-line this year, such as automated gates, access controls, parking systems and other security improvements, will result in functional changes operationally during both fiscal years FY 2006 and 2007. Funding for the completion of these contracts is through the 2005 Sunshine State Loan proceeds which provided approximately \$73 million of completion financing. Proceeds from this loan are only sufficient to complete projects under contract.

Fiscal Environment

Revenues and Expenditures by Fund (All Dollars in Thousands)

FUND 420	Total Annual Budget		
	Prior Fiscal Year FY 05 Actual	Current Fiscal Year FY 06 Budget	Projection as of November 30, 2005
Revenues			
Carryover	\$ 8,267	\$ 9,000	\$ 9,000
Cruise	35,502	38,489	38,489
Cargo	35,454	36,764	36,764
Other	14,435	20,452	18,743
Total	93,658	104,705	102,996
Expense			
Carryover	9,000	10,600	10,600
Personnel	21,057	23,236	22,830
Transfers	28,865	29,527	29,372
Other Operating	38,025	40,408	39,360
Cash - Non Rev. Sources	(3,833)	-	-
Capital	544	934	834
Total	93,658	104,705	102,996

Departmental Business Plan and Outlook
Department Name: Seaport
Fiscal Years: 2005/2006 – 2006/2007

FUND 421	Total Annual Budget		
	Prior Fiscal Year FY 05 Actual	Current Fiscal Year FY 06 Budget	Projection as of November 30, 2005
Revenues			
Carryover	\$ 82,456	\$ 17,495	\$ 64,250
Grant Funds	15,307	22,768	22,768
Interest Income	2,190	1,000	1,000
Loan Proceeds	73,335	86,925	-
Transfer from Fund 420	-	1,000	1,000
Total	173,288	129,188	89,018
Expense			
Personnel	\$ 1,025	\$ 935	\$ 935
Transfers	10,971	2,860	2,860
Other Operating	1,168	563	563
Capital	95,874	124,830	84,660
Reserve	64,250	-	-
Total	173,288	129,188	89,018

FUND 422	Total Annual Budget		
	Prior Fiscal Year FY 05 Actual	Current Fiscal Year FY 06 Budget	Projection as of November 30, 2005
Revenues			
Carryover	\$ - 65	\$ 22	\$ -
Transfer from Fund 420	-	-	-
Total	65	22	-
Expense			
Capital	\$ - 59	\$ -	\$ -
Transfers to Other Funds	60	-	-
Reserve	(54)	22	-
Total	65	22	-

Revenues and Expenditures by Fund
 (All Dollars in Thousands)

FUND 423	Total Annual Budget		
	Prior Fiscal Year FY 05 Actual	Current Fiscal Year FY 06 Budget	Projection as of November 30, 2005
Revenues			
Carryover	\$ 8,251	\$ 12,200	\$ 14,592
Interest Income	102	13	13
Transfer from Fund 420	18,161	18,340	18,340
Total	26,514	30,553	32,945
Expense			
Debt Service	\$ 11,922	\$ 18,055	\$ 18,055
Other Financial Costs	-	3	3
Reserve	14,592	12,495	14,887
Total	26,514	30,553	32,945

FUND 424	Total Annual Budget		
	Prior Fiscal Year FY 05 Actual	Current Fiscal Year FY 06 Budget	Projection as of November 30, 2005
Revenues			
Carryover	\$ 6,845	\$ 6,620	\$ 5,179
Interest Income	-	-	-
Transfer from Fund 420	13,602	10,187	10,032
Transfer from Fund 421	-	2,860	2,860
Total	20,447	19,667	18,071
Expense			
Non-Operating	\$ 1,592	\$ 1,195	\$ 1,040
Miscellaneous	-	296	296
Princ & Int Payments	13,676	11,559	11,559
Transfer Out	-	-	-
Reserve	5,179	6,617	5,176
Total	20,447	19,667	18,071

Equity in pooled cash (for proprietary funds only)

Fund/ Subfund	Prior Fiscal Year FY 05 Actual	Current Fiscal Year FY 06 Budget	Projection as of November 30, 2005
420	\$ 8,081	\$ 10,600	\$ 10,600
421	64,249	-	-
422	(54)	22	-
423	14,592	12,495	14,887
424	10,568	6,617	5,176
Total	97,436	29,734	30,663

Cruise Wharfage and Dockage – Some improvement is anticipated in this area over fiscal year 2005, with expected passengers of approximately 3.7 million. Revenues should remain close to those budgeted.

Cargo Wharfage and Dockage – Cargo for fiscal year 2006 may be somewhat flat due to a significant reduction in cargo by one of the terminal operators. This operator has another local terminal and can therefore use either port. The Port is hopeful that this will not affect overall tons and that revenues will meet those budgeted.

Gantry Cranes – crane revenues are anticipated to remain mostly flat, in part due to the delay in completing the dredging project, which is pending removal of the old FPL transmission line under the channel, which had to be relocated. Due to contention issues, the crane electrification project was not completed and cranes 7-10 will have to be completed pending identification of funding and a new contract.

Parking and Ground Transportation – are a product of cruise activity and should trend upward with the increased passenger counts falling within budgeted projections.

Rentals – Despite the loss of space to roadway expansion, rentals should increase as budgeted during fiscal year 2006 as some build out is completed and leases are being implemented.

Capital program funding – The Port's CIP program is on hold pending resolution of the identification and implementation of cost savings and revenues to fund huge security operating costs. Only those projects under contract which have begun are continuing with other projects prioritized to begin should funding become available.

Business Environment

Despite three hurricanes and ongoing funding issues due to compliance costs associated with increased security regulations, the Port of Miami has so far successfully met its business challenges. With fiscal year 2005 and budget year 2006, the Port faces a financial crisis, which, until resolved, is producing curtailment of the capital program, service reductions in all units of the Department and a concentration of management's efforts on finding fiscal relief without the authority to implement any identified solution.

The Cruise Industry:

The cruise industry remains the fastest-growing segment of the international travel and leisure sector. Despite the events of September 11, 2001, growth at the Port of Miami has remained generally strong. The Port continues to be the world's largest cruise homeport. However, changing trends and other unforeseeable events within the cruise industry have had a negative impact on the port as several vessels were re-deployed to other out of state ports and one vessel was removed from service during fiscal year 2003-04. As a result, fiscal year 2004 passenger counts declined from over 3.9 million to 3.5 million, a reduction of 13.7 percent from fiscal year 2003. Fiscal year 2005 produced an increase to 3.6 million passengers and the forecast for fiscal year 2007 is for 3.7 million passengers.

In order to retain a dominant cruise industry position by capitalizing on its proximity to the Caribbean, the Department must continue to upgrade cruise terminals to handle the new larger vessels. While the average capacity for ships deployed from 1997-2000 was 1,475 passengers, the average for the vessels deployed to the Port of Miami during 2005 was 2,430. The newer vessels coming into the Caribbean market have passenger ranges averaging 3,000 per vessel. To be competitive in the future and meet the demand of ever larger cruise vessels, the port has two new cruise terminals under construction which will be completed shortly. Further enhancements and two new parking garages have been deferred pending resolution of the Port's funding issues. A new port-wide roadway system will finally be completed with the demolition of the old maintenance facility. Since 2004 cruise passengers have had an entirely segregated loop road to all terminals, greatly relieving traffic congestion and providing a safer and more secure traffic system.

The Cargo Industry:

Growth in world trade, specifically in the emerging Far-East markets, will continue to affect the port industry as a whole in 2006. Migration of West Coast business to the East Coast via all-water services has continued to strengthen. This change has challenged cargo operations at most Eastern Coast Ports to create the capacity to meet the ever-growing market.

The challenge for ports and operators during this time lies in Eastern ports' ability to deliver fast and efficient business solutions without compromising bottom-line results. This will require ports expend significant investment to expand their

capital infrastructure and facilities. For example, ports will have to be ready to accommodate super-post Panamax vessels with more freight, therefore, deeper and wider navigational channels will be necessary. Additionally, ports will need to consider purchasing bigger cranes and expanding berthing space.

Despite heavy competition from regional ports, during fiscal 2005, the Port of Miami once again was the only Florida seaport to surpass the 1 million TEU mark. The volume of cargo increased 3 percent compared to 2004, reaching 9,473,852 tons and 1,054,462 TEUs.

In anticipation of future competitive demands, the Port of Miami continues to focus on growth and diversification. During the past two years to provide capacity for this growing area, the Port completed more than 1,000 linear feet of additional cargo vessel berthing, purchased and erected two new super post-Panamax container gantry cranes, electrified the gantry crane berths and will be completing a new expanded automated cargo security gateway during fiscal year 2006. Major roadway improvements substantially completed this past year eliminate cruise traffic from the cargo gateway area, significantly reducing congestion in the car lane at the gates and providing a safer more secure traffic flow.

Economic Impact:

The Port of Miami's cruise and cargo activities have both a direct and indirect impact on the economy of Miami-Dade County, as well as South Florida and the rest of the state of Florida. It is calculated that the Port is responsible for over 98,000 jobs in South Florida and a total economic impact, direct and indirect, of over \$12 billion.

Another important, although somewhat temporary impact comes from the Port's ongoing construction program. Currently in the midst of over \$200 million in capital improvements, construction jobs and purchased materials also contribute a substantial impact to the South Florida economy.

Security:

Security mandates subsequent to September 11, 2001 have had a significant impact on all ports in the United States. The Port of Miami has been a leader with a Port worker identification system which works interactively with a cargo controlled access gateway system. However, despite being ahead in this area, the Port's security operating expenses have more than tripled since September 11, 2001 to over \$15 million, and the security infrastructure needs budget now exceeds \$64 million, seven times higher than previously estimated. These costs have placed enormous strain on the Department's revenues. The Department has aggressively applied for security grants from state and Federal programs. To date, the Department has received over \$17 million in federal funds and has been successful in getting over \$9 million in state commerce grants funds re-allocated to security. While this helps meet the immediate need to acquire/construct security enhancements, it does so at the expense of funding for commerce projects the Port needs for customer growth.

At this time, the Port must find a way to greatly reduce security operating costs

and/or institute a security surcharge to fund these overwhelming unfunded mandates.

Customer Feedback Plan

The Department conducts various economic impact studies as well as roadway analyses for planning purposes. On the operational side, the Department conducts monthly user meetings with terminal operators, cruise operators and cargo ship lines. These meetings discuss on-going construction projects, security and any operating issues related to the Seaport. These meetings are held weekly when necessary.

Internally the Director meets with his direct report staff weekly, where issues related to the Seaport are discussed and actions identified.

In addition, the Department's Business Development and Marketing staff conduct outreach events to keep the community (local civic groups, environmental groups and various local governments) informed of Seaport issues.

Critical Success Factors

In general, the Department's ability to achieve its performance objectives is limited by the many market forces outside of the Department's control, such as natural disasters, political unrest and competition, which may individually have significant revenue effects on annual business results.

Rates – competitive The Port of Miami has been placed in the position where it is challenged daily by competitive ports. This includes rates charged by our users, such as the terminal operators and the stevedores. This issue is being worked on at the highest level and includes the affected Port users. Security costs, and the Port's inability to fund these from other revenue sources (such as ad-valorem taxes or specialty revenues) will place an additional burden on our competitive position.

Construction – capacity The Port of Miami is coming to closure on several large construction projects which have/or will greatly reduced vehicle congestion on the

Port, and provide throughput capacity to both cruise and cargo customers. The Port is currently completing several contracts which will put into service two new cruise terminals, a new expanded cargo gateway, various security systems and cargo yard improvements. All in all, this represents the first and most sweeping in a series of steps envisioned in the Port's 2020 Master Development Implementation Plan to provide for the facilities foreseen as necessary for the Port to maintain its competitive position and to grow rationally over the next 20 years. Unfortunately, this program will be on hold indefinitely until the Port is able to resolve critical funding shortfall issues.

Security/Commerce – state and federal mandates The Port of Miami has been severely impacted financially and from a commerce standpoint by state and federal security regulations. Not only are these unfunded mandates, but there are concerns that security requirements could negatively impact efficient business processes at the Port. Additionally, the Port has given up commerce infrastructure funds to proceed with security infrastructure needs. These funds must be replaced in order for the Port to meet capital program financing needs.

Future Outlook

Cruise Industry:

Through 2007, Florida passenger embarkations are anticipated to increase by 3%. Completion of the Port's cruise infrastructure improvements will be key in providing facilities necessary to handle the larger new vessels currently under construction. In looking to the future the Port also envisions a need for a cruise ferry complex and, should the cruise industry move back toward consolidating their deployments, may need an off-port cruise terminal facility.

Cargo Industry:

Much like the cruise industry, the cargo industry is building ever larger cargo container vessels and continues to undergo consolidations. Ports must have sufficient harbor depth and super post Panamax cranes to handle these mega cargo vessels. Ongoing growth in cargo container business combined with growth in the South Florida region will produce increased cargo activity growth for South Florida. In time, it is anticipated that this growth will be sufficient to provide cargo activity to all ports, reducing some of the existing competition. This rationalization of cargo activity could be expected to bring revenue relief with it. To meet the challenge of ever larger vessels, the Port has initiated the process to continue the South Channel harbor dredging to -50 feet in Phase III. This process must be initiated now to meet timelines for larger vessels currently being manufactured.

Security:

Security mandates are a part of the normal business requirements now, however, in the future there will be a national worker identification card system. To continue to meet the needs of ship lines and freight forwarders, ports must be able to move

passengers and cargo through the port efficiently and timely. Ongoing refinements to security in order to ensure secure facilities while remaining commercially viable, will mean continuing changes in this area, placing a challenge on day to day operations and cost conscious ports. Florida ports are handicapped by the additional restrictions imposed by Chapter 311.12 F.S., which has been incorporated into all Florida seaports FSP's and is being enforced by the U.S. Coast Guard. This places an additional impediment to commerce as well as a significant financial burden on the Florida seaports and affecting their ability to compete nationally.

The future holds many challenges for the ports industry. South Florida is well situated to be a primary beneficiary of industry growth potential. Therefore, it is incumbent on the Port of Miami to ensure that its facilities and operations are positioned to meet the demands of this growth.

THE PLAN

Overview

Our FY 2006 – 07 business plan draws heavily on previously adopted work including the Miami-Dade County Strategic Plan. Miami-Dade County's Strategic Planning initiative is both a plan and a process. The plan provides a framework at a broad Countywide level where we want to go, how we get there, and how we measure our progress along the way. The process ensures increased communications at all levels of County government using consistent terms.

- Our Countywide *Vision of "delivering excellence every day"* communicates the community's shared vision for the best possible future for Miami-Dade County government.
- Our Countywide *Mission* statement communicates the role of our government. Miami-Dade County's mission statement is "*delivering excellent public services that address our community's needs and enhance our quality of life*".
- Our *Guiding Principles* communicate to all levels of our organization the manner in which we expect all decisions, interactions and activities to be performed.
- Our *Strategic Themes* represent what we consider to be the most significant challenges and opportunities facing Miami-Dade County government.
- We have developed *Goals* across all County Departments. These goals provide the direction the County must move in to address the priority strategic themes and help guide us towards the desired future.
- For each goal we have defined a desired *Outcome* or set of outcomes that the County must achieve to be successful in accomplishing the goal. These outcomes are from the customer/community perspective (e.g. quality of service provided, customer satisfaction).
- For each outcome(s), implementing *Strategies* summarize at a broad countywide level the actions that will be taken to achieve the outcome(s).
- *Key Performance Indicators* are the measures that express the County's intentions from the Strategic Plan. Associated *Key Performance Objectives* assign measurable targets and timelines to the key performance indicators while the *Performance Measure* is the specific unit of measure. Departments may develop *Additional Performance Objectives*.

Departmental Business Plan and Outlook

Department Name: Seaport

Fiscal Years: 2005/2006 – 2006/2007

- *Department Programs/Initiatives (may include activities and tasks)* are actions or groups of actions that will be undertaken by a particular department in a specific fiscal year in order to implement a strategy.

As part of the County's Strategic Plan, the Board of County Commissioners endorsed nine priority strategic themes countywide. This Department is primarily supportive of the following strategic themes:

- *Develop and maintain an effective transportation system*
- *Promote responsible and comprehensive policy development through effective land use, transportation, and growth management*

Supporting these themes are supporting goals and priority outcomes that directly relate to this department. These are provided along with the Department's Programs, Initiatives, and Performance Measures for fiscal year 2005.

Department-related Strategic Plan Goals:

- *Enhance the ease of movement of people and goods to, from and through the airport, seaport, and other centers through new and improved inter-modal linkages*

Department-related Strategic Plan Priority Outcomes:

- *Seamless movement of people, baggage and cargo between the Seaport and Airport*
- *Enhanced customer service, convenience, and security at every level of contact with the ports*
- *Meet existing and future demand levels for passengers and cargo at the ports*
- *Increased International Commerce*